



Notice City Commission Study Session

7:00 PM

Monday, September 14, 2015

Governmental Center, Commission Chambers, 400 Boardman Avenue

Traverse City, MI 49684

Posted and Published: 09-11-2015

The meeting informational packet is available for public inspection at the Traverse Area District Library, Law Enforcement Center, City Manager's Office, and City Clerk's Office.

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At the request of City Manager Marty Colburn, City Clerk Benjamin Marentette has called this Study Session.

City Commission:

c/o Benjamin C. Marentette, MMC, City Clerk

(231) 922-4480

Email: tcclerk@traversecitymi.gov

Web: www.traversecitymi.gov

400 Boardman Avenue

Traverse City, MI 49684

The mission of the Traverse City City Commission is to guide the preservation and development of the City's infrastructure, services, and planning based on extensive participation by its citizens coupled with the expertise of the city's staff. The Commission will both lead and serve Traverse City in developing a vision for sustainability and the future that is rooted in the hopes and input of its citizens and organizations, as well as cooperation from surrounding units of government.

Welcome to the Traverse City Study Session!

Any interested person or group may address the City Commission on any agenda item when recognized by the presiding officer or upon request of any commissioner. Also, any interested person or group may address the City Commission on any matter of City concern not on the Agenda during the agenda item designated Public comment. The comment of any member of the public or any special interest group may be limited in time. Such limitation shall not be less than five minutes unless otherwise explained by the presiding officer, subject to appeal by the Commission.

Agenda

Pledge of Allegiance

Roll Call

1. Discussion regarding a possible payment-in-lieu-of-taxes (PILOT) request from the WODA Group for the construction of sixty residential units at Eighth Street and Railroad Avenue targeted for the senior population. (Marty Colburn)
2. Announcements from the City Clerk. (Benjamin Marentette)
3. Public comment.
4. Adjournment.



The City of Traverse City

Communication to the City Commission

FOR THE CITY COMMISSION STUDY SESSION OF SEPTEMBER 14, 2015

DATE: SEPTEMBER 11, 2015

FROM:  MARTY COLBURN, CITY MANAGER

SUBJECT: SEPTEMBER 14 STUDY SESSION

We have one item for the Study Session on Monday.

Attached is a letter from Craig Patterson, Senior Vice President for The Woda Group, regarding his request for a payment-in-lieu-of-taxes (PILOT) as well as a municipal services agreement for a planned development at 520 Railroad Avenue.

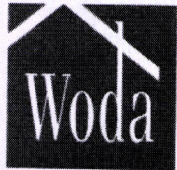
Staff, particularly the City Assessor's Office, will be vetting this request next week. Woda seeks approval of their PILOT by October 1. The purpose of the meeting on Monday is for the City Commission and public to hear from Woda regarding their plans for the development and for the City Commission to ask any initial questions. Based on City Commission discussion and staff review this coming week, we could place this matter for additional discussion and possible action on the City Commission's September 21 Regular Meeting.

As indicated in the attachment, Woda plans to construct 60 residential units within their development targeted at the senior population. Woda seeks a 6% PILOT (a payment equal to 6% in annual rents rather than traditional taxes). The 6% in annual rents would be apportioned to the taxing jurisdictions based on prevailing millage rates. We will provide a comparison of the PILOT payment to traditional taxes for future discussion. Additionally, Woda would enter into a municipal services agreement which would provide a \$12,000 annual payment directly to the City for City services.

MC/bcm

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copy: Polly Cairns, City Assessor
Russell Soyering, City Planning Director
Jean Derenzy, Grand Traverse County Deputy Director of Planning and Development
Craig Patterson, The Woda Group Senior Vice President



DEVELOPMENT
CONSTRUCTION
MANAGEMENT

The Woda Group, Inc.
115 North Huron Avenue
P.O. Box 369
Mackinaw City, Michigan 49701

www.wodagroup.com

September 4, 2015

Mr. Martin Colburn
City Manager
The City of Traverse City
Governmental Center
400 Boardman Avenue
Traverse City, Michigan 49684

Re: PILOT Request; 520 Railroad Avenue

Mr. Colburn,

On September 2, The Woda Group executed a Purchase Agreement to purchase a vacant parcel on Railroad Avenue. As a result, we would like to formally request a PILOT be approved for a proposed 60 unit senior development near the corner of Eighth and Railroad Avenue at 520 Railroad Avenue. Once completed, this development will have restricted but affordable rents to help seniors obtain quality, safe, and energy efficient housing in Traverse City.

The construction plan for Depot Commons (proposed name of the development) includes a five floor residential building with an elevator and a large community room on the first floor. The first floor community space will be used primarily by tenants and their guests. The design concept has been created to integrate well within the surrounding neighborhood. Once completed, the new units will have Energy Star appliances, water-saving faucets/toilets, abundant insulation and contain other "green" features which will help the finished community qualify for Enterprise Green Communities certification. We have checked the zoning ordinance for the Depot area and believe our design concept will satisfy zoning requirements.

To fund the construction, Woda will seek housing tax credit financing from MSHDA. As part of the application process, MSHDA requests that developers seek a PILOT from the local municipality. The PILOT helps ensure the long-term financial stability of the property plus helps the developer increase their chances of receiving funding for the project. Woda (developer) plans to submit a funding application to MSHDA on October 1.

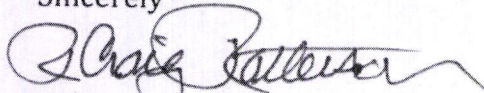
Depot Commons Limited Dividend Housing Association, LP (owner) and The Woda Group, Inc. are requesting a 6% PILOT for 16 years be adopted for the proposed development at 510 Railroad Place. In addition, The Woda Group proposes to enter a Municipal Services Agreement (MSA) that will pay the City an annual MSA fee of \$12,000 in addition to the PILOT. The fee is provided to cover possible City funded services (eg. fire, EMS) that may be needed at the site. Both the annual PILOT and MSA payment will be paid simultaneously but can be made at any date the City prefers. The estimated annual value of the 6% PILOT is \$18,200 assuming 100% occupancy.

The PILOT payment will be determined each year based on collected rents plus other income less common utilities. Each year in late March, Woda can provide a third party financial audit to the City to verify income and utilities.

Without a PILOT, it will be highly improbable for Woda to receive funding. Each developer competes against other developers in the state to win funding. Historically, for new construction projects only the projects which receive a local PILOT receive MSHDA funding.

I appreciate you considering this request and I look forward to making a formal presentation to City leadership at an upcoming September Commission meeting.

Sincerely

A handwritten signature in black ink, appearing to read "P. Craig Patterson", with a stylized flourish at the end.

P. Craig Patterson,
Senior Vice President

